

Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

AID-05 COME-00 EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05 /086 W

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R 111015Z APR 75

FM AMCONSUL LAHORE

TO SECSTATE WASHDC 392

INFO AMEMBASSY ISLAMABAD

AMCONSUL KARACHI

LIMITED OFFICIAL USE SECTION 1 OF 2 LAHORE 0438

E.O. 11652: N/A

TAGS: EGEN, PINT, PK

SUBJECT: PUNJAB REACTION TO GOP PRICE MOVES

REF: ISLAMABAD 3133

SUMMARY: PUNJAB GOVERNMENT FROZE PRICES OF 40 BASIC FOODS AND ESSENTIAL GOODS AT PRICES PREVAILING BEFORE APRIL 7. GOP ANNOUNCEMENT OF WAGE-PRICE ADJUSTMENTS. HOWEVER, RAILWAY WORKER DEMONSTRATIONS AND SOME SYMPATHY STRIKES ENTERED FOURTH DAY APRIL 11, AND DEATH OF TWO OR THREE PEOPLE AS RESULT OF SUPPRESSIVE POLICE ACTION APRIL 10. PROMISES TO INTENSIFY PUBLIC REACTION. PUNJAB GOVERNMENT REMOVED LAHORE POLICE CHIEF (DIG) AND DISPATCHED TO OFFICIALS ON CAMPAIGN TO EXPLAIN ECONOMIC NECESSITY OF WAGE-PRICE MOVES TO PUBLIC, BUT EFFORT IS SEEN AS TOO LITTLE TOO LATE. GOVERNMENT EXPECTED TO RESTORE PUBLIC ORDER IN NEXT FEW DAYS, BUT NOT BEFORE GENERAL ANTIPATHY TOWARD PRIME MINISTER BHUTTO MOUNTS FURTHER. END SUMMARY.

1. ON APRIL 9, PUNJAB GOVERNMENT ANNOUNCED DECISION TO

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FREEZE PRICES OF ESSENTIAL ITEMS FOR PUBLIC CONSUMPTION

AT LEVEL EXISTING ON APRIL 7 PRIOR TO GOP ANNOUNCEMENT OF WAGE-PRICE ADJUSTMENTS. ANNOUNCEMENT NOTED THAT PRICE AND DISTRIBUTION OF KEROSENE HAD ALREADY BEEN PUT UNDER CONTROL BY ESSENTIAL COMMODITIES ACT, WHICH EMPOWERS GOVERNMENT TO SET RETAIL PRICES OF ANY OF 42 LISTED ITEMS. ON APRIL 10, GOPUNJAB INSTRUCTED DISTRICT MAGISTRATES TO CONTROL PRICES OF 19 FOODSTUFFS AND 20 ESSENTIAL COMMODITIES (E.G., TEA, CIGARETTES, SOAP, ETC.) IN ADDITION TO KEROSENE. GOVERNMENT-CONTROLLED PAKISTAN TIMES REPORTED APRIL 11 THAT GOPUNJAB PLANNED TO ISSUE TWO ORDINANCES PROVIDING FOR SUMMARY TRIAL OF RETAILERS VIOLATING PRICE FREEZES.

2. AS NOTED REFTEL, PROCESSIONS AND DEMONSTRATIONS AGAINST PRICE INCREASES ERUPTED IN LAHORE APRIL 8. AT RAILWAY HEADQUARTERS WORKERS CONTINUED TO PROTEST FOR FOURTH DAY MORNING OF APRIL 11. MEANWHILE THREE SYMPATHY STRIKES WERE BEGUN BY WORKERS FROM UNIONS IN OTHER INDUSTRIES.

3. SIT-DOWN STRIKE BY RAILWAY WORKERS APRIL 10 BROUGHT TOUGH REACTION FROM POLICE. THERE ARE CONFLICTING STORIES AS TO WHAT HAPPENED, BUT WE HAVE HEARD ON WHAT WE CONSIDER GOOD AUTHORITY THAT POLICE ENTERED RAILWAY WORKSHOPS TO BREAK UP STRIKE AND MET VIOLENT REACTION. IN RESULTING FRACAS, SEVERAL POLICEMEN WERE INJURED AND AT LEAST TWO AND POSSIBLY THREE WORKERS WERE KILLED.

4. LATER THAT DAY, GOPUNJAB SPOKESMAN DENIED THAT ANYONE WAS KILLED, ALTHOUGH HE ADMITTED THAT ONE MAN HAD DIED SHORTLY AFTER INCIDENT "FROM NATURAL CAUSES." SPOKESMAN ALSO DENIED POLICE HAD ENTERED WORKSHOP AND CLAIMED WORKERS HAD TAKEN OUT ILLEGAL DEMONSTRATION IN STREET. BUT HE ADMITTED POLICE HAD "RESORTED" TO LATHI CHARGE AND TEAR GASSING OF WORKERS.

5. PUNJAB GOVERNMENT, APPARENTLY SURPRISED BY VEHEMENCE OF PUBLIC REACTION TO PRICE INCREASES, HAS REACTED RELATIVELY SLOWLY TO PROTESTS. POLICE ALONE WERE GIVEN RESPONSIBILITY TO CONTROL RAILWAY WORKERS UNTIL APRIL 9, WHEN CHIEF MINISTER RAMAY WAS CALLED TO RAILWAY HEADQUARTERS

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TO TRY TO PACIFY WORKERS. IN SPEAKING TO LABORERS, CHIEF MINISTER DENIED THAT POLICE HAD USED TEAR GAS OR LATHI CHARGES ANYWHERE IN THE CITY.

6. SHORTLY THEREAFTER, OFFICIAL SPOKESMAN ASSERTED THAT "SITUATION REMAINED ABSOLUTELY NORMAL," BUT WENT ON TO SAY THAT POLICE HAD LATHI-CHARGED AND TEAR-GASSED TWO RAILWAY WORKER PROCESSIONS. HE ADDED THAT AT LEAST

ANOTHER FIVE DEMONSTRATIONS TOOK PLACE IN VARIOUS PARTS OF THE CITY "WITHOUT INCIDENT," BUT ADMITTED THAT GOVERNMENT HAD ARRESTED AT LEAST FOUR LABOR LEADERS.

7. BEGINNING APRIL 9, CHIEF MINISTER APPARENTLY ORDERED PROVINCIAL MINISTERS TO MOVE OUT AND ADDRESS VARIOUS GROUPS IN EFFORT TO CALM IRATE POPULACE. PRO-GOVERNMENT NEWSPAPERS WERE ALSO ORDERED TO KILL STORIES OF VIOLENCE AND MAKE ALL-OUT EFFORT TO EXPLAIN RATIONALE FOR PRICE INCREASES. AT LEAST THREE CENTRAL MINISTERS (HOME MINISTER QAIYUM, LABOR MINISTER CHEEMA AND RAILWAY MINISTER OF STATE ATAULLAH) HAVE ALSO COME TO PUNJAB TO ASSIST IN CAMPAIGN.

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INFO AMEMBASSY ISLAMABAD

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8. COMMENT: DEATH OF RAILWAY LABORERS, WHETHER CAUSED BY POLICE OR NOT, HAS ANGERED LABORING CLASS THROUGHOUT LAHORE, AND REACTION MAY WELL SPREAD TO OTHER PUNJAB CITIES. SEVERAL OF OUR SOURCES HAVE REPORTED ORGANIZERS

MOVING THROUGH CITY INSISTING THAT ALL SHOPS AND FACTORIES BE CLOSED BY MID-DAY APRIL 11. WE BELIEVE MOST BUSINESSMEN WILL COMPLY, AND WE HAVE WARNED AMERICAN COMMUNITY.

9. PUNJAB GOVERNMENT CAMPAIGN TO MAKE PRICE INCREASES PALATABLE TO PUBLIC HAS BEEN FLOUNDERING AND LEADERS HAVE ALREADY BEGUN LOOKING FOR SCAPEGOATS, AS IS APPARENT BY SUDDEN TRANSFER OF RELATIVELY NEW LAHORE POLICE CHIEF (DIG) LATE APRIL 10. EFFORTS OF PROVINCIAL CABINET MINISTERS AND OTHER OFFICIALS TO EXPLAIN NECESSITY FOR PRICE INCREASES TO PUBLIC HAVE BEEN DESCRIBED BY SEVERAL OF OUR CONTACTS AS "TOO LITTLE TOO LIMITED OFFICIAL USE

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LATES."

10. WHILE SOME LAHORE OBSERVERS EXPECT PUNJAB GOVERNMENT TO RESTORE PUBLIC ORDER IN NEXT FEW DAYS, MANY OF THEM DOUBT THAT GENERAL PUBLIC WILL HAVE ACCEPTED EXPLANATIONS AND GOVERNMENT ORDERS. RETAILERS HAVE ALREADY INCREASED PRICES OF SOME GOODS AS MUCH AS 200 PERCENT (E.G., TEA), AND SEVERAL BUSINESSMEN HAVE TOLD US THEY EXPECT COST OF LIVING TO CONTINUE TO RISE ABOVE RS. 25 ALLOWANCE DECREED BY GOP. THEY SEE NO WAY FOR LARGE EMPLOYERS TO ABSORB INCREASED LABOR COSTS WITHOUT PASSING AT LEAST PART OF IT TO CONSUMERS.

11. PUBLIC ANTAGONISM HAS ALREADY FOCUSED ON PRIME MINISTER BHUTTO, AND IT HAS BEEN WIDELY OBSERVED THAT PRICE INCREASES WERE ANNOUNCED AFTER HE COMPLETED "GRAND TOUR" OF PUNJAB. SEVERAL DEMONSTRATIONS HAVE FEATURED DISPLAYS OF DOGS WHICH ARE PUT IN CHAIRS (REPRESENTING THRONES) AND IDENTIFIED TO CROWDS AS BHUTTO. IMPLICATION IS THAT BHUTTO IS S.O.B., WHICH IS CONSIDERED GROSS INSULT IN PUNJAB, AND HAS BEEN USED IN PAST ONLY WHEN PUBLIC IRE REACHES UNUSUAL HEIGHTS.

12. SEVERAL RELATIVELY DISPASSIONATE AND OFTEN PRO-PPP CONTACTS HAVE TOLD US THEY BELIEVE IT WILL TAKE SEVERAL MONTHS FOR PRIME MINISTER TO OVERCOME PUBLIC RESENTMENT. IN MEANTIME, OPPOSITION IS EXPECTED TO TRY TO CAPITALIZE ON ECONOMIC DISCONTENT. HOWEVER, AS ONE OPPOSITION POLITICIAN PUT IT, "WHAT HAVE WE GOT TO OFFER AS AN ALTERNATIVE?"
GRIFFIN

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